GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:1114
ANSWERED ON:01.08.2005
REVITALISATION OF COOPERATIVES
Sippiparai Shri A. Ravichandran

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has been considering proposal for Revitalisation of Cooperatives;

(b) if so, the details thereof and the recommendations/suggestions received from States in this regard; and

(c) the follow up action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE(SHRI KANTI LAL BHURIA)

(a): Yes, Sir.

(b) & (c) The Government had constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan for revival of co-operative credit institutions in August, 2004. The Task Force has submitted its Report on 15th February, 2005.

The main recommendations made by the Task Force are:

? Special financial assistance of Rs. 14,839 crore to wipe out accumulated losses and strengthen their capital base. The likely share of the Centre, State Government and the cooperatives in the assistance has been estimated at 53%, 31% and 16% respectively.

? Institutional restructuring to make way for democratic, member driven, autonomous and self-reliant institutions.

? Radical changes in the legal framework to empower Reserve Bank of India (RBI) to regulate cooperative credit structures.

? Qualitative improvement in personnel in all tiers and at all levels.

? State Governments need to make legislative amendments to enable RBI to exercise its regulatory powers under the Banking Regulation Act. The Task Force has suggested the working draft of a Model Cooperative Law.

? The State Governments should formally agree to participate in the revival package. The Scheme be kept open for a period of two years for the State Governments to decide on the participation. Release of funds should be linked to the progress by the State Government in actually implementing the revival package.

? Since legislative amendments may take time, the State Governments should, in the meanwhile, enter into an appropriate MOU with the RBI, agreeing to desist from interfering directly or indirectly in the financial management of these banks.

? All cooperative banks should be brought on par with the commercial banks as far as regulatory norms are concerned.

Recommendations of the Task Force have been accepted in Principle by the Government of India and the Ministry of Finance is consulting the State Governments for eliciting their views on the recommendations of the Task Force.

Annexure

Statement referred to in parts (b) & (c) of Lok Sabha Unstarred Question No. 1114 for answer on 01.08.2005 by Shri Ravichandran Sippiparai regarding `Revitalisation of Cooperatives`.

(b) & (c) The Government had constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan for revival of co-operative credit institutions in August, 2004. The Task Force has submitted its Report on 15th February, 2005.

The main recommendations made by the Task Force are:

? Special financial assistance of Rs. 14,839 crore to wipe out accumulated losses and strengthen their capital base. The likely share of the Centre, State Government and the cooperatives in the assistance has been estimated at 53%, 31% and 16% respectively.

? Institutional restructuring to make way for democratic, member driven, autonomous and self-reliant institutions.

? Radical changes in the legal framework to empower Reserve Bank of India (RBI) to regulate cooperative credit structures.

? Qualitative improvement in personnel in all tiers and at all levels.

? State Governments need to make legislative amendments to enable RBI to exercise its regulatory powers under the Banking Regulation Act. The Task Force has suggested the working draft of a Model Cooperative Law.

? The State Governments should formally agree to participate in the revival package. The Scheme be kept open for a period of two years for the State Governments to decide on the participation. Release of funds should be linked to the progress by the State Government in actually implementing the revival package.

? Since legislative amendments may take time, the State Governments should, in the meanwhile, enter into an appropriate MOU with the RBI, agreeing to desist from interfering directly or indirectly in the financial management of these banks.

? All cooperative banks should be brought on par with the commercial banks as far as regulatory norms are concerned.

Recommendations of the Task Force have been accepted in Principle by the Government of India and the Ministry of Finance is consulting the State Governments for eliciting their views on the recommendations of the Task Force.